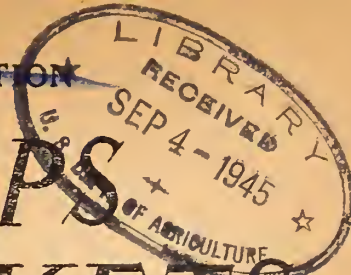


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FOREIGN CROPS *and* MARKETS



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LATE FOREIGN DEVELOPMENTS

ARGENTINA: The fourth official estimate places the 1941-42 cotton crop at 371,300 bales (of 478 pounds) compared with the third estimate of 352,800 and the final estimate for 1940-41 of 232,200 bales.

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CANADA: The Bacon Board was to begin paying the higher 1942-43 scale of prices agreed upon in the new Canadian-British Bacon Agreement on October 5 for purchases of the 75 million pounds of Wiltshire sides necessary to complete the 1941-42 contract. The losses arising from the purchase of that quantity at the new price level, which is 10 percent above that of 1941-42, will be paid out of cash reserves the Board has built up in handling the bacon export trade during the past year. Live-stock officials expect an immediate increase in the price of hogs from \$12.50 to \$14.90 per 100 pounds, dressed-weight basis, at Winnipeg. The Minister of Agriculture urges increased hog breeding in order to attain an increase of 25 percent in hog production in Western Canada and 15 percent in Ontario and Quebec.

* * * * *

G R A I N S

UNITED KINGDOM HARVESTS RECORD
GRAIN CROPS . . .

Cereal crops in England and Wales are still expected to be of record size, according to a cable recently received in the Office of Foreign Agricultural Relations. Crops ripened slowly during August as the result of lack of sunshine and unsettled weather. Heavy rains during early September interfered with harvesting, and some deterioration is reported, especially as a result of lodging. While the harvest was well advanced by late September, much grain was still reported to be in shock.

Indicated yields at the beginning of September were slightly above those forecast a month before, when they were placed at record levels (see Foreign Crops and Markets, September 7, 1942). Even though these high forecasts may not have been achieved, there seems little doubt that the outturn has been one of the best on record. This increase was attained largely as the result of expanded acreage and, to some extent, increased yields.

As part of the program to increase production of foodstuffs and thereby reduce dependence on shipping, farmers are now actively ploughing in order to further increase grain acreage for harvest next year. Plans for increasing wheat acreage by 600,000 acres this fall have been announced (see Foreign Crops and Markets, July 6, 1942).

PERU EXPECTS WHEAT CROP
TO BE SLIGHTLY LARGER . . .

The production of wheat in Peru for the current season is forecast to be slightly above the 3.7 million-bushel crop produced in 1941, according to the Peruvian Bureau of Agriculture. The harvest usually takes place in November. A larger acreage and work on rust control are credited with the slight increase. With prospects for a crop at this level, Peru will continue to need imports to cover around half or more of the wheat requirements, estimated in recent years at 7.5 to 8.5 million bushels.

Wheat is an essential commodity for Peru, and in order to insure receipt of adequate supplies and to protect prices against abnormal increase, the Government is reported expecting to carry as large a share as possible (estimated at upward of 60 percent or around 2 million bushels) of this year's wheat imports in Peruvian ships. This is a larger quantity than that carried last year, and it reflects the desire of the Peruvian Government to hold down the c.i.f. cost of imported wheat.

The present freight rate charged for wheat carried on Peruvian ships from Argentina is \$11.00 per metric ton, as compared with the rate of \$24.00 on foreign vessels. This rate contrasts with the 1940 rate of \$7.00 on foreign ships, which increased to \$15.00 in 1941 and later to \$24.00.

Imports into Peru in 1941 aggregated around 4.7 million bushels and in 1940 around 5.0 million bushels. Practically all of the wheat imports in recent years have been in the form of grain and have come from Argentina. Callao is the chief port of entry for wheat, and during the past three seasons the percentage of total imports entering the country through this port varied from 94 to 98 percent. The three leading mills of the country, two in Callao, the third in nearby Lima, are served by this port. Storage facilities consist of a Government warehouse with a capacity of around 1 million bushels in a suburb of Callao and a combined capacity of around 2.2 million bushels in the silos and warehouses maintained by the three mills. The second port in importance, Mollendo in southern Peru, expanded in volume of imports during the past 3 years, but in 1941 still represented only 6 percent of the total.

HONDURAS MOVES TO INCREASE PRODUCTION OF FOOD GRAINS . . .

Production of grains in Honduras is small, and of the principal grain crops, corn, kafir, rice, and wheat, the latter two are grown in insufficient quantities to fill domestic requirements. The Government, taking into account the country's dependence on imports of foodstuffs and the probable shortage of shipping space, in December 1941 directed that growers double the quantity of grains and other foodstuffs which they had been cultivating up to that time. The principal obstacles to the success of such a program are indicated to be the limited amount of land in the hands of small farmers, the reluctance of large land-owners to increase production without assurance of higher prices, and transportation problems within the country.

Corn is by far the most important grain in the economy of the country and one in which it is self-sustaining. Production averages around 3.5 million bushels, and consumption may be placed at the same figure, since, with the exception of insignificant amounts exported to and imported from El Salvador, the corn produced is consumed within the country. The small amount moving between this country and El Salvador is determined by the transportation situation within Honduras.

While estimates of production for 1941-42 are not yet available, the corn crop is reported to have been increased considerably over that

of 1940-41. This increase is attributed to a larger acreage as a result of the Government decree, and to favorable weather. Though increased supplies are desirable, present facilities are inadequate for storing the surplus, and toward the end of the season much grain may be found, as has happened in the past, to be unfit for human consumption.

During the past year the first power mill for grinding corn was built in Honduras. Until its establishment, corn ground in small hand mills supplied the bulk of the consumption, supplemented by small amounts of imported corn meal. Since this grain is so important in the national diet, some expansion in corn grinding would seem probable.

Wheat data are incomplete, but production, as reported, is indicated to be a small percentage of the total consumed. In 1939-40, when the crop was reported at 31,000 bushels, imports of wheat and flour in terms of wheat were 260,000 bushels, of which 190,000, or 73 percent, was grain. Imports the following fiscal year were slightly smaller and in 1941-42 showed a further reduction. The imports of grain are largely from the United States and Canada, with a trend toward Canadian wheat being noted in the past 3 years. In 1941-42, Canada supplied 22 percent of the total imported, as compared with 5 percent in 1939-40. Flour imports are virtually all from the United States.

Imported wheat is milled in the three commercial mills of the country, two served by a North Coast port (Puerto Cortés) and one supplied through a Pacific port. In order to encourage the industry, mills are given tariff concessions enabling them to import wheat at favorable rates relative to flour. The present outlook is dominated by the shipping shortage, since local mills must depend almost entirely on imported wheat for their supplies.

HONDURAS: Acreage and production of corn and wheat,
1936-37 to 1940-41

Year	Corn		Wheat	
	Acreage	Production	Acreage	Production
	<u>Acres</u>	<u>Bushels</u>	<u>Acres</u>	<u>Bushels</u>
1936-37	255,600	3,290,000	4,600	24,000
1937-38	260,500	4,148,000	4,500	26,000
1938-39	220,100	3,372,000	3,900	83,000
1939-40	294,000	3,637,000	3,800	31,000
1940-41	240,300	3,541,000	2,300	25,000

Compiled from official and trade sources.

CUBAN DEMAND FOR AMERICAN RICE . . .

Cuban rice imports during the 1942-43 season are expected to be somewhat smaller than last year on account of increased stocks reported on hand July 31, a larger domestic crop, and some difficulty that may be experienced in providing shipping facilities. After several months of inactivity, Cuban importers began buying United States rice in September. During the month, approximately 20 million pounds were purchased for October-November shipment.

Total rice imports into Cuba for the 12 months, August-July 1941-42, totaled 418 million pounds as compared with 400 million pounds during the corresponding 12 months of 1940-41. During the calendar year 1941, over 92 percent of Cuba's imported rice came from the United States, but in the first 8 months of 1942 United States rice accounted for only about 79 percent. Imports from Mexico, the Dominican Republic, Ecuador, Chile, and Peru during the 8 months of this year amounted to 63 million pounds.

RICE: Imports into Cuba, 1934-1941, and arrivals at Cuban ports during first 8 months, 1941 and 1942

Period	Source		Total Imports	Percentage from United States	Average value per pound
	United States	Other countries			
	Million pounds	Million pounds	Million pounds	Percent	Cents
Calendar year a/					
1934	0.5	358.5	359	0.1	1.44
1935	60	434	494	12.1	1.35
1936	11	433	444	2.5	1.65
1937	115	379	494	23.3	2.02
1938	199	213	412	48.3	2.15
1939	222	222	444	50.0	2.07
1940	256	173	429	59.7	2.31
1941 b/	367	31	398	92.2	3.59
January-August					
1941	251	23	274	91.6	-
1942	231	63	294	78.6	-

a/ Annual data taken from Cuban Official Foreign Trade statistics.

b/ Preliminary.

c/ Monthly data taken from ships' manifests.

During the past 6 calendar years the average annual imports of rice amounted to about 37 million pounds. In addition, probably about 25 to 35 million pounds of domestic rice were consumed. Total consumption, therefore, apparently amounted to about 400 to 470 million pounds per year. The high prices prevailing in 1942 have undoubtedly resulted in some decline in consumption, but there is no reliable information yet as to the extent of such decline.

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The 1942 Cuban rice harvest is expected to be substantially larger than for recent years on account of the increase in acreage, and the crop is reported to be in good condition. A reliable estimate places the crop at 50 to 60 million pounds of cleaned rice, which would be about 11 to 13 percent of the country's normal consumption.

Harvesting in Cuba commences in August, with September being the peak month, and ends during the last part of November. It is estimated that from 80 to 90 percent of the rice is harvested by hand, as there are only 12 combines and only about as many binders in all of Cuba.

Rice yields in Cuba are relatively low, averaging about 22 bushels per acre, on account of the fact that a large proportion of the crop is grown without irrigation. Rice grown under irrigation is reported to average about 40 bushels per acre.

RICE CROP FAVORABLE IN SPAIN . . .

The 1942 rice prospects in Spain are reported favorable, and it is expected that the crop will amount to approximately 13,500,000 bushels, according to an unofficial estimate. This compares with 13,470,000 bushels for 1941 and the 10-year average, 1926-1935, of 14,700,000 bushels. Rice production dropped to a very low level in Spain during and immediately following the Civil War. The 1939 harvest was unofficially estimated at only about 9 million bushels.

The Government in recent years has been encouraging an expansion in rice plantings. The 1942 acreage sown was estimated at about 117,600 acres as compared with 118,000 last year and 119,000 acres for the 10-year average 1926-1935.

Weather conditions this year have been reported favorable throughout most of the season, but yields are not expected to be above average on account of the shortage of fertilizers. In recent years there has been an acute shortage of fertilizers, but in 1942 a relatively liberal quantity was obtained for the rice farmers.

Spain was a net importer of rice during 1940 and 1941, while, prior to the Civil War, the country was the largest net exporter of rice in Europe. Exports of rice from Spain during 1930 to 1934 averaged over 65 million pounds annually. In 1940, however, 122 million pounds were imported, while exports amounted to 25 million pounds. Imports in 1941 equaled 32 million pounds against 6 million exported. The principal source of imports during these 2 years was French Indochina.

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VEGETABLE OILS AND OILSEEDSARGENTINE VEGETABLE OIL INDUSTRY
CONTINUES TO EXPAND . . .

Argentine vegetable-oil production has increased annually since 1930, when the output was comparatively small. At that time cottonseed was crushed in much larger quantities than other oilseeds and held that position until 1937, when it was replaced, to a great extent, by sunflower seed. During that year sunflower-seed crushings exceeded those of cottonseed by only 39 percent compared with 358 percent in 1941. The increase in production and consumption of sunflower-seed oil is partly due to curtailed supplies of olive oil. Argentina imported large quantities of olive oil from Spain prior to the Civil War, and until 1940 from Italy and Greece.

In 1941 there was a marked increase in the output of all vegetable oils except grape seed, tung, and cottonseed. A scarcity of raw materials, due to poor crops, brought about the decrease in cottonseed and tung. Linseed-oil production was the largest on record and considerably above domestic requirements. Exports in 1941 amounted to 21.4 million pounds and probably will be much greater during the current year if shipping space is available. A preliminary estimate indicates that shipments reached 25.1 million pounds during the first 5 months of this year. There were no exports of sunflower-seed oil reported until 1941, when they amounted to 26 million pounds. From January to May of this year they totaled 61.9 million pounds.

ARGENTINA: Vegetable oilseeds crushed and oil produced,
1939-1941

Variety	Seed crushed			Oil produced		
	1939	1940	1941	1939	1940	1941
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
Flaxseed	51,535	79,718	156,436	16,059	25,988	50,181
Rapeseed	16,526	39,833	106,782	4,757	12,436	33,364
Peanuts a/	42,228	41,328	111,222	14,894	15,110	39,008
Cotton	316,770	345,961	193,132	34,356	36,402	22,549
Castor beans a/	3,532	5,095	6,768	1,283	2,158	2,743
Sunflower seed.	532,150	665,990	885,605	128,845	162,245	222,647
Olives	1,429	273	2,452	295	55	423
Grape seed	1,808	3,527	2,006	164	358	192
Tung	796	1,056	609	219	278	108
Corn	28,400	32,973	51,019	845	1,184	1,457
Copra	-	201	-	-	b/ 56	-
Total	995,174	1,221,955	1,516,031	201,717	256,280	372,672
	:	:	:	:	:	:

American Embassy, Buenos Aires.

a/ Shelled. b/ Coconut oil.

ARGENTINA: Total vegetable oilseeds crushed and oil produced,
1930-1941

Year	Seed crushed	Oil produced	Year	Seed crushed	Oil produced
	: 1,000 pounds:	: 1,000 pounds:		: 1,000 pounds:	: 1,000 pounds:
1930 ...	265,652	57,287	1936 ...	735,097	145,784
1931 ...	309,731	67,183	1937 ...	704,736	156,326
1932 ...	331,122	81,694	1938 ...	914,799	192,775
1933 ...	387,725	94,101	1939 ...	995,174	201,717
1934 ...	487,966	113,402	1940 ...	1,221,955	256,280
1935 ...	609,265	129,179	1941 ...	1,516,031	372,672
:	:	:	:	:	:

Compiled from the Bureau of Rural Economy and Statistics.

CUBAN IMPORTS OF VEGETABLE OILS
ABOVE LAST YEAR . . .

Cuban imports of vegetable oil during January-July 1942 were unusually heavy, with soybean oil accounting for 83 percent of the total. Stocks of edible oils at the end of June were reported above normal. The wholesale price of all imported vegetable oils was higher than that of last year. Cuban peanut oil was quoted at \$22.70 per 100 pounds in August of this year compared with \$15.97 at the same time in 1941.

CUBA: Imports of vegetable oils, January-July 1942,
with comparisons

Kind of oil	January-July		
	1940	1941	1942
	: 1,000 pounds	: 1,000 pounds	: 1,000 pounds
Cottonseed oil -	:	:	:
Crude	-	306	1,104
Refined	60	221	150
Hydrogenated	227	215	77
Coconut oil -	:	:	:
Crude	182	188	-
Refined	509	902	110
Hydrogenated	221	235	130
Peanut oil -	:	:	:
Crude	-	120	-
Refined	11	14	15
Soybean oil -	:	:	:
Crude	3,136	4,458	5,349
Refined	522	967	2,270
Total	4,868	7,626	9,205

American consulate, Habana.

COTTON - OTHER FIBERS

COTTON PURCHASES IN CANADA REMAIN LOW . . .

New purchases of cotton by Canadian importers were negligible in September, as import arrivals continued to exceed available storage space. Heavy purchases were made while the United States export subsidy was in effect, and all deliveries must be completed by November 30. Stocks owned by most mills are sufficient for at least 6 months' requirements, and for more than a year in some cases.

Mill consumption experienced a seasonal decline in August to an estimated 37,700 bales compared with 41,900 in July. A labor shortage resulting from military conscription and the migration of textile workers to munitions industries is the chief factor limiting the output of textile mills. New Selective Service regulations, instituted on September 1, 1942, however, were designed partly to control such movements of labor and reduce the turnover. Backlog orders for Government account are considered sufficient to maintain the current rate of mill operations for 10 to 12 months. The quantities of cotton textiles manufactured for civilian consumption are expected to be further reduced in coming months.

August imports of cotton from the United States amounted to 34,000 bales (of 478 pounds) out of the total of 44,000 bales. Imports from Brazil amounted to 7,000 bales, from Paraguay 2,000, and from Peru 1,000.

IRAN COTTON CROP SHARPLY REDUCED . . .

The 1942 cotton crop in Iran is estimated by Ministry of Agriculture officials at 120,000 bales (of 478 pounds) from a planted area of 297,000 acres. The 1941 crop amounted to 184,500 bales from 544,000 acres. A large-scale shift from cotton cultivation to food crops this year was encouraged by the Government.

Exports of cotton during the fiscal year ended March 20, 1942, amounted to 21,716 bales compared with 91,313 for the previous year. Exports to Germany amounted to 18,230 bales in 1941-42 as against 52,436 in 1940-41, to the Soviet Union 2,381 against 26,571, and to Italy 605 against 5,200. About 7,062 bales were exported to Hungary in 1940-41. Shipments to Axis countries ceased after August 25, 1941, when British and Soviet troops entered the country. The Government maintains an export monopoly on cotton and is discouraging exports because of the anticipated deficiency for domestic use.

Domestic mills, operating 130,000 spindles, consumed about 129,000 bales of cotton in 1941-42, and demand is still strong, but quantities

available this year (through the official distribution agency) are not expected to exceed 75,000 bales. For this reason, at least two mills are attempting to import cotton from Iraq, where a small surplus exists. Growers and local hand spinners usually require a total of about 46,000 bales annually for hand-made articles. Stocks of cotton in all parts of the country at the end of January 1942 were estimated at about 158,000 bales and had been reduced to around 46,000 bales by the end of August. On this basis, it appears that the domestic supply of cotton this year will be about 10,000 bales less than the estimated local requirements.

Domestic prices for American type "Filestani" and "Americai" cotton have ranged in recent months from 8,100 to 11,000 rials per metric ton (11.30 to 15.35 cents per pound) and 8,100 to 10,100 rials (11.30 to 14.10 cents), respectively. "Bouni" (a native variety) is sold at 7,300 rials (10.19 cents). No export prices have been quoted since Japan entered the war.

COTTON SUPPLY SITUATION IN SPAIN IMPROVES . . .

Imports of cotton into Spain during the first 8 months of 1942 reached a total of 218,100 bales (of 478 pounds), including 135,700 from Brazil, 79,200 from the Belgian Congo, and 3,200 from Egypt. An additional amount of 67,600 bales of Brazilian cotton was expected to arrive in September and October. Although imported cotton is usually transported on Spanish vessels, some apprehension has been reported in Spain concerning future supplies from Brazil since that country entered the war on August 22, 1942.

Mill operations were increased after July 10 to 6 days per week for spinners and 4 days for weavers from the former basis of 4 days and 3 days, respectively. Mill stocks were relatively high at the end of August; but only 33,000 bales remained in the hands of the National Textile Syndicate (official purchasing and distributing agency) at that time. Annual capacity of Spanish mills is estimated at about 400,000 bales.

The area planted to cotton this year is placed at 100,000 acres with a prospective production of 18,300 bales. The 1941 crop was estimated at 12,000 bales from 46,800 acres. A decree of July 6, 1942, raised the prices paid to producers for 1942 and 1943 cotton by 0.30 pesetas per kilogram (1.24 cents per pound). The new prices were fixed at 3.60 pesetas per kilogram (14.61 cents) for first class cotton, 3.00 pesetas (12.42 cents) for second class, and 2.40 pesetas (9.94 cents) for third class.

L I V E S T O C K A N D A N I M A L P R O D U C T SCANADA RETAINS MOST HEAVY CATTLE
TO ALLEVIATE BEEF SHORTAGE . . .

The Canadian Wartime Food Corporation has been diverting most of the low-duty export cattle of 700 pounds and over to Canadian markets and paying the export price, for it, as authorized by the Canadian Government since June, in order to alleviate the current beef shortage. As a result of this action, the beef supply in Canada in the year 1942 will probably be more than the 700 million pounds consumed in 1940, but at that, is expected to be scarcely enough to meet the increased consumption requirements of the army and civilian population. The greater civilian demand for beef is partly the result of the increase of purchasing power of the Canadian people and partly owing to the fact that Canada is under contract to furnish the United Kingdom with a large quantity of bacon (Wiltshire sides) and has been forced to limit packer deliveries of pork for civilian consumption.

Cattle slaughterings in October and November are expected to be relatively large, following the usual seasonal trend. More cattle may be placed in feed lots, however, to take advantage of abundant supplies of grain and the assured increase in the beef price ceiling during the period December-May.

Exports for the year 1942 of low-duty cattle (weighing 700 pounds and over) to the United States will be smaller than a year ago, owing to the steps taken by the Canadian Government to insure a sufficient supply of beef and veal for Canadian consumption, and reports of the cattle shortage, which is likely to continue for some time, appear to preclude any substantial increase in exports of heavy cattle to the United States in the near future. Quarterly exports of low-duty cattle to the United States in the last two quarters of 1941 and the first two of 1942 were approximately equal to the quarterly quota of 51,720. Since the Wartime Food Corporation (a newly created branch of the Wartime Prices and Trade Board) commenced refusing licenses for permits to export cattle, about the first of July, exports have been much smaller.

The Food Corporation at first intended to limit its purchases at export prices to the number representing the difference between actual exports during the quarter and the quarterly low-duty quota. The flood of diversions at mid-August carried the volume of cattle purchased at export prices far beyond the intended limit; in fact, by August 27 the corporation had purchased 50,239 head, and exports to the United States during that period were only 21,161 head. In the first 3 weeks of September, exports to the United States were much below a year earlier.

The appropriate level at which the Corporation intends to support cattle prices is calculated by adding to the price ceiling a byproduct credit of 50 cents in Quebec, 93 cents in Ontario, 40 cents in Manitoba,

37 cents in Alberta, and 4 cents in British Columbia and then multiplying the adjusted price ceiling by a standard dressing percentage of 55 percent (54 percent in British Columbia). On that basis, the present carcass price ceiling on September 22 justified cattle prices slightly below 88.50 in the Prairie Provinces. Cattle in the e Provinces were bringing substantially more than this, however. Therefore, price-supporting purchases by the Food Corporation for export to the United States are not imminent.

CANADA: Disposition of cattle and calves, 6-month periods,
June 1935 - May 1942

Period	:On farms,:		Marketed		Inspected		Exported	
	:beginning:		:		slaughter		:	
	:of period:		Cattle:	Calves:	Cattle:	Calves:	Cattle:	Calves:
	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-
	sands	sands	sands	sands	sands	sands	sands	sands
June-November								
1935	8,821:	485.4:	217.9:	428.9:	304.6:	43.7:	17.8:	
1936	8,841:	515.5:	274.2:	516.1:	324.7:	115.0:	33.6:	
1937	8,840:	587.5:	486.3:	531.1:	388.1:	135.4:	54.8:	
1938	8,511:	620.8:	390.1:	463.7:	345.5:	74.9:	23.9:	
1939	8,474:	664.1:	410.4:	486.5:	343.2:	107.1:	48.5:	
1940	8,565:	707.9:	466.7:	479.4:	365.8:	91.5:	45.6:	
1941	8,798:	798.7:	464.8:	569.3:	393.0:	119.0:	34.1:	
December-May	:	:	:	:	:	:	:	:
1935-36	8,499:	a/388.1:	106.5:	388.3:	270.4:	113.7:	18.3:	
1936-37	8,337:	514.0:	379.1:	405.4:	319.1:	91.7:	43.0:	
1937-38	8,080:	444.8:	356.6:	396.6:	330.7:	46.4:	25.6:	
1938-39	8,091:	516.6:	381.7:	386.4:	335.0:	107.5:	37.0:	
1939-40	8,224:	485.3:	369.8:	405.8:	337.3:	63.0:	30.8:	
1940-41	8,316:	511.9:	350.0:	420.0:	322.1:	59.4:	27.3:	
1941-42	8,605:	617.3:	375.5:	461.0:	336.8:	133.0:	30.4:	

Compiled from official sources. a/ December estimate.

On September 4, it was announced that the Wartime Food Corporation would not resume its purchasing of export cattle at export prices when the quarterly low-duty export quota became available October 1. This announcement was presumably made to encourage immediate marketing, but marketings continue to be abnormally small. Gradual reductions in beef ceiling prices since June may be partly responsible for reduced marketings.

The Wartime Prices and Trade Board stated on September 20 that the continued holding back of cattle in anticipation of higher prices was temporarily sustaining prices for live cattle at a level so high that it threatened the maintenance of the retail price ceiling on beef and beef products. Latest reports indicate that the Board is considering action involving allocation of supplies, consumer rationing, and the establishment of ceilings on the prices of livestock, in addition to the present ceiling on prices of meat.

CUBA EXPERIENCES LARD SHORTAGE

Cuba is experiencing a serious shortage of lard, according to latest reports. Stocks are unusually low, scarcely enough to cover 1 month's consumption, estimated at 6,000,000 pounds. The current scarcity is due to several factors, i.e., shipping priorities, shortage of tank cars, and limited supplies of lard in the United States for export other than for lend-lease purposes.

Most of the lard imported into Cuba is from the United States. July imports were 33.5 percent smaller than in the preceding month, according to unofficial statistics compiled from ships' manifests. Imports for the 7-month period, January-July this year, totaled 45,732,000 pounds, a decrease of 9 percent below the same period of 1941. Arrivals of lard from Argentina during 1942 through July totaled 3,000,000 pounds. Cuban lard requirements from the United States for the 12-month period beginning May 1, 1942, were estimated to be 38,000,000 pounds, but in view of the fact that imports and stocks of edible oils and vegetable compounds so far are larger than a year ago, these requirements possibly could be cut somewhat in case of necessity. United States lard exports to Cuba increased progressively from 31,000,000 pounds in 1936 to 57,000,000 in 1940, and exports in 1941 were even larger.

CANADA TO SHIP MORE BACON
AT HIGHER PRICES

The new Canadian-British Bacon Agreement, as officially announced, calls for the delivery of 675 million pounds of Wiltshire sides and other cuts to the United Kingdom for the year beginning November 1, 1942, as compared with 600 million pounds in 1941-42. The price is reported to be \$21.75 (\$29.77 United States) per 100 pounds, or 10 percent above that paid in the current contract season ending October 30.

CUBA EXTENDS FOOT AND MOUTH
DISEASE QUARANTINE

Cuba issued Decree No. 2530 on September 10, 1942, which extends the prohibition against the entry into Cuba of cattle, sheep, and hogs and all fresh and refrigerated meats from specified countries, already in effect, to include all other meat products either fresh or congealed, salted or cured in any form. All South American countries, except Colombia and Venezuela, are named in the prohibition. It will not be applicable to lard.

GENERAL AND MISCELLANEOUSEUROPEAN CROPS FAVORED BY GOOD SUMMER
BUT BREAD GRAINS DECLINE . . .

The 1942 harvest of bread grains in continental Europe probably will be considerably below average and below the sub-normal harvest of last year, according to information received and estimates made in the Office of Foreign Agricultural Relations.

The severe winter of 1941-42, followed by a very late spring, indicated an unfavorable crop prospect for 1942, even precarious in many areas, but favorable growing and harvesting conditions during the summer and in the fall have resulted in a substantial recovery for most spring-sown crops.

Of the bread grains the rye production is relatively better than for wheat, with an outturn estimated not greatly different from that of a year ago. Feed grains, such as barley, oats, corn, and mixed grains, are estimated to be above last year and above average, largely due to increased acreages this season. The abnormal winter-kill of fall-sown grains and oilseeds, together with the late spring, forced larger planting of spring grains, especially barley and corn, and also of root crops. Barley and corn are being increasingly utilized for food purposes, and their increased production should do much to offset any decline in bread-grain supplies.

The harvest of grain and oilseed crops is now generally completed, and the root-crop harvest, mainly potatoes and sugar beets, is actively under way. Present indications are for a large production of root crops, especially potatoes, in Europe as a whole. The actual outcome of this and other late root crops will largely depend upon weather conditions during October, except in southern France, where severe drought damage is reported.

Considered on a regional basis, the 1942 crop outturn of wheat shows a reduction from last year's below-average crop in the Balkans, Central Europe, and Denmark, little change or small increases in Italy, Spain, and France, and generally improved outturns in Portugal, Belgium, and Netherlands, Sweden, and northeastern Europe. The rye harvest in Central Europe is estimated to be slightly smaller than last year, while larger outturns are noted for northern and eastern Europe. Barley, oats, and mixed grains have generally returned larger harvests, especially in north central Europe, where unusual winter-kill occurred, and these grains were used for reseedling.

In the Danube Basin, the corn acreage was increased, and larger crops are indicated for most areas. In Italy also a favorable season for most crops has been reported. Potato planting, likewise, was increased

in most countries, and especially in the important potato-producing areas of Germany. Growing and harvesting conditions for potatoes to date have been reported as quite favorable.

Winter oilseed planting, notably rape, was severely damaged by winter-kill, but spring seeding of oilseeds was considerably increased, especially in the Balkans. The acreage and production of peas and beans as field crops was considerably increased in the Balkan countries, particularly Rumania, and continued expansion of vegetable production is generally reported for most parts of the Continent.

FOREIGN EXCHANGE . . .

EXCHANGE RATES: Average value in New York of specified currencies, October 3, 1942, with comparisons a/

Country	Monetary unit	Year 1941	Month				Week ended		
			1940	1941	1942		1942		
			Sept.	Sept.	Aug.	Sept.	Sept. 19	Sept. 26	Oct. 3
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina b/	Paper peso	29.77	29.77	29.77	29.77	29.77	29.77	29.77	29.77
Australia c/	Pound	321.27	321.47	321.33	321.50	321.50	321.50	321.50	321.50
Brazil d/	Milreis	5.07	5.01	5.06	5.15	5.14	5.14	5.14	5.14
British India	Ruppee	30.14	30.16	30.14	30.12	30.12	30.12	30.12	30.12
Canada c/	Dollar	87.32	85.47	89.13	89.52	87.82	87.70	88.34	87.61
Mexico e/	Peso	20.54	19.94	20.54	20.57	20.57	20.57	20.57	20.57
New Zealand	Pound	322.54	322.74	322.60	322.78	322.78	322.78	322.78	322.78
South Africa	Pound	398.00	398.00	398.00	398.00	398.00	398.00	398.00	398.00
United Kingdom	Pound	403.18	403.42	403.27	403.50	403.50	403.50	403.50	403.50

Federal Reserve Board.

a/ Noon buying rates for cable transfers.

b/ Official, regular exports. The special export rate of 23.70 cents, reported beginning March 27, 1941, applies to exchange derived from certain minor exports (e.g., dairy products) to certain countries (e.g., United States); such exchange formerly having been sold in the free market. Quotations nominal.

c/ Free. Official rates: Australia 322.80 cents; Canada 90.91 cents; United Kingdom 403.50 cents. Most transactions between these countries and the United States must take place at the official buying and selling rate.

d/ Free. Since April 10, 1939, 30 percent of the exchange derived from exports must be turned over at the official buying rate of 6.06 cents, the weighted average value of the milreis being 5.37 cents in 1941, 5.42 cents in September 1942, and 5.42 cents in the week ended October 3, 1942. Quotations nominal.

e/ Quotations nominal for 1940 and 1941.

EXCHANGE RATES: Average value in New York of Chinese, Japanese, and some European currencies during last full months for which rates were available, and current official rates

Country	Unit	New York rates <u>a/</u>	Current official rates
		Month : Cents	Cents
Belgium	:Belga	:April 1940 ... : 16.89	: <u>b/</u> 16.00
Denmark	:Krone	:March 1940 ... : 19.31	: 20.88
France	:Franc	:May 1940 : 1.85	: <u>c/</u> 2.00
Germany	:Reichsmark	:May 1941 : <u>d/</u> 39.97	: 40.00
Greece	:Drachma	:September 1940 : <u>d/</u> 0.66	: 0.67
Italy	:Lira	:May 1941 : <u>d/</u> 5.09	: 5.26
Netherlands ..	:Guilder	:April 1940 ... : 53.08	: 53.08
Norway	:Krone	:March 1940 ... : 22.71	: 22.86
Portugal	:Escudo	:May 1941 : 4.00	: <u>e/</u> 6.67
Spain	:Peseta	:May 1941 : <u>d/</u> 9.13	: 9.13
Sweden	:Krona	:May 1941 : 23.84	: 23.81
Switzerland ..	:Franc	:May 1941 : 23.20	: 23.20
China	:Yuan (Shanghai)	:June 1941 : <u>d/</u> 5.34	: <u>f/</u> 5.31
Japan	:Yen	:June 1941 : 23.44	: 23.44

a/ Noon buying rates for cable transfers as reported by the Federal Reserve Board. Last daily rate reported on April 8, 1940, for the Danish and Norwegian kroner; on May 9, 1940, for the belga and guilder; on June 15, 1940, for the French franc; on October 26, 1940, for the drachma; on June 14, 1941, for the other European currencies; and on July 26, 1941, for the yen and yuan (Shanghai).

b/ Based on German official rate for United States dollar.

c/ Based on German official rate for United States dollar in occupied area; in unoccupied area official rate is 2.28 cents.

d/ Quotations nominal.

e/ Rate for currency; for checks, 4.09 cents to the escudo.

f/ Rate set August 18, 1941, by Chinese Stabilization Board.

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